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PAGE 01 STATE 145944

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ORIGIN ARA-20

INFO OCT-01 ADP-00 OPIC-12 EB-11 COME-00 TRSE-00 SS-15

NSC-10 PA-03 PRS-01 USIE-00 CIAE-00 INR-10 NSAE-00

RSC-01 SSO-00 NSCE-00 INRE-00 M-03 A-01 /088 R

DRAFTED BY ARA/CAR/J:WPKELLY:JET

7/25/73 EXT: 23449

APPROVED BY ARA/CAR:JRBURKE

DESIRED DISTRIBUTION

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O 251720Z JUL 73

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AMEMBASSY PORT AU PRINCE PRIORITY

AMEMBASSY PORT OF SPAIN PRIORITY

AMEMBASSY SANTO DOMINGO PRIORITY

UNCLAS STATE 145944

E.O. 11652: N/A

TAGS: PFOR, JM

SUBJECT: WASHINGTON POST EDITORIAL ON AMBASSADOR DE
ROULET'S TESTIMONY

REF: (A) STATE 14393; (B) KINGSTON 2418; (C) KINGSTON 2392

FYI, FOLLOWING EDITORIAL APPEARED IN WEDNESDAY, JULY 25
EDITION OF WASHINGTON POST:

A HIGH-RISK POLICY IN JAMAICA

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PAGE 02 STATE 145944

TAKING UP HIS POST IN KINGSTON FOUR YEARS AGO, AMBASSADOR VICENT DE ROULET FOUND THAT THE UNITED STATES GOVERNMENT WAS ABOUT TO INCREASE TO \$500 MILLION ITS INSURANCE AGAINST EXPROPRIATION OF AMERICAN BAUXITE-ALUMINUM COMPANIES IN JAMAICA; THE GOVERNMENT AGENCY THAT WRITES THESE POLITICAL-RISK POLICIES IS THE OVERSEAS PRIVATE INVESTMENT CORP. (OPIC). "MAD AND IRATE," IS THE WAY MR. DE ROULET DESCRIBED HIS REACTION BEFORE THE SENATE'S MULTINATIONAL CORPORATIONS SUBCOMMITTEE THE OTHER DAY; HE REFUSED TO CONCUR WITH THE PROPOSED INCREASE. THE \$500 MILLION (OPIC'S FOURTH LARGEST "EXPOSURE") WAS OUT OF PROPORTION TO JAMAICA'S SMALL SIZE, HE FELT; THE AMERICAN FIRMS' JAMAICAN PROFILE WAS "HORRIBLE" AND THEIR RELATIONS WITH KINGSTON "DREADFUL." EXPROPRIATION SEEMED QUITE POSSIBLE: THE JAMAICAN GOVERNMENT WAS "RUNN-

ING AROUND TALKING ABOUT NATIONALIZATION EVERY FIVE MINUTES," EVEN WHILE IT WAS ASKING WASHINGTON TO APPROVE HIGHER EXPROPRIATION INSURANCE; THE STATE DEPARTMENT, OPIC AND THE COMPANIES KEPT PRESSING FOR THE INSURANCE. FIGHTING WITH THE SPECIAL VIGOR AVAILABLE TO A STRONG-WILLED POLITICAL APPOINTEE WITH AN INDEPENDENT INCOME, MR DE ROULET KEPT RESISTING, THOUGH FINALLY HE HAD TO RELENT. (HE HAD GIVEN THE REPUBLICAN CAUSE A REPORTED \$44,000 IN 1968 AND WAS TO DONATE SOME \$52,000 MORE IN 1972.)

MEANWHILE, AMBASSADOR DE ROULET ARRANGED FOR THE JAMAICAN PRIME MINISTER TO VISIT HIS FRIEND, RICHARD NIXON. FROM THIS VISIT, IN 1970, CAME AID LOANS SURPASSING \$20 MILLION. THOUGH NOTHING WAS SPECIFIED, THE AMBASSADOR TESTIFIED, THIS BENEFICIENCE WAS INTENDED AS PROTECTION AGAINST EXPROPRIATION OF THOSE BAUXITE INVESTMENTS. BY WAY OF COVERING HIS FLANKS, HE ALSO UNDERTOOK TO APPROACH THE OPPOSITION CANDIDATE IN THE 1971 JAMAICAN ELECTION TO INDUCE HIM NOT TO EXPLOIT THE EXPROPRIATION ISSUE IN HIS CAMPAIGN. IN RETURN, MR. DE ROULET OFFERED "MY COMMITMENT AS A GENTLEMAN" NOT TO INTERFERE IN THE JAMAICAN ELECTIONS, SOMETHING WHICH HE AND OTHER AMERICAN OFFICIALS INSIST WAS NEVER CONTEMPLATED OR CONSUMMATED IN ANY WAY. IT IS PERHAPS NOT SURPRISING THAT, SHORTLY AFTER AMBASSADOR DE ROULET OFFERED THIS TESTIMONY, HE WAS DECLARED PERSONA NON GRATA BY

UNCLASSIFIED

PAGE 03 STATE 145944

JAMAICA AND EXPELLED. IN DISCLOSING THE CONTENT OF PRIVATE SENSITIVE DISCUSSIONS WITH THE 1971 OPPOSITON CANDIDATE, NOW THE PRIME MINISTER, THE FREE-WHEELING ENVOY HAD BEEN ABOUT AS INDISCREET AS A SITTING AMBASSADOR CAN BE. THE REST OF US, HOWEVER, HAVE LEARNED A GOOD DEAL ABOUT HOW THE REAL WORLD GOES AROUND.

OPIC, THE INSTITUTIONAL CENTERPIECE OF THE DE ROULET

TESTIMONY, IS OVERDUE FOR THE HARD LOOK IT IS GETTING FROM SEN. FRANK CHURCH'S SUBCOMMITTEE. ITS RATIONALE IS TO INDUCE AMERICAN INVESTMENT ABROAD. YET IN THE CASE OF JAMAICA AND ALL OTHER COUNTRIES WHERE INVESTMENTS ARE MADE IN EXTRACTIVE INDUSTRIES, THE COMPANIES MUST GO THERE: THAT'S WHERE THE BAUXITE IS. A SECONDARY OPIC RATIONALE IS TO AID LOCAL DEVELOPMENT. YET THE \$300 MILLION JAMAICAN FACILITY AT ISSUE PROVIDES ONLY 1,467 JOBS. THE "MISCHIEF" OF OPIC, SAID SENATOR CHURCH, IS THAT IT COMPELS AN IDENTITY OF CORPORATE AND OFFICIAL INTERESTS AND MAY GIVE A CORPORATION "LESS INCENTIVE ... TO GET ALONG IN THE HOST COUNTRY." IF A FIRM IS EXPROPRIATED, THE AMERICAN TAXPAYER PAYS THE BILL. IF THE FIRM FLOURISHES, THE AMERICAN TAXPAYER GETS NO COMMENSURATE BENEFIT. CURRENTLY OPIC LISTS \$127 MILLION IN RESERVES AND \$359 MILLION IN PENDING CLAIMS. TWO-THIRDS OF THESE CLAIMS ARE FROM FIRMS NATIONALIZED IN CHILE, THE CLASSIC CONTEMPORARY CASE IN WHICH OPIC ENTANGLED AMERICAN POLITICAL INTERESTS WITH THE FORTUNES AND FOIBLES OF PRIVATE CORPORATIONS WHOSE POLICIES WERE LARGELY BEYOND OFFICIAL CONTROL. OPIC IS ASKING CONGRESS FOR ANOTHER \$80 MILLION IN DIRECT APPROPRIATIONS. WHAT KIND OF AN INVESTMENT IS THAT?

2. ALTHOUGH POSTEDITORIAL REFERS TO 1971 ELECTIONS (SIC), ADDRESSEES SHOULD BE AWARE THAT JAMAICAN GENERAL ELECTIONS ACTUALLY TOOK PLACE ON FEBRUARY 29, 1972. ROGERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PFOR
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE145944
Document Source: CORE
Document Unique ID: 00
Drafter: WPKELLY:JET
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730710/aaaaahcj.tel
Line Count: 142
Locator: TEXT ON-LINE
Office: ORIGIN ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 STATE 14393, 73 KINGSTON 2418, 73 KINGSTON 2392
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 24 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Jan-2002 by elbezefj>; APPROVED <21 FEB 2002 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WASHINGTON POST EDITORIAL ON AMBASSADOR DE ROULET'S TESTIMONY
TAGS: JM
To: KINGSTON BRIDGETOWN CURACAO GEORGETOWN NASSAU PARAMARIBO PORT AU PRINCE PORT OF SPAIN SANTO DOMINGO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005